

TRANSFERRAL OF FUNCTIONS RESPECTING WORLD
WAR II INSURANCE BENEFITS AND DISABILITY PAY-
MENTS FOR SEAMEN

JULY 22, 1959.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign
Commerce, submitted the following

R E P O R T

[To accompany S. 2334]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 2334) to transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSES OF THE BILL

S. 2334 would transfer to the Secretary of Labor from the Department of Commerce certain functions of title II, Merchant Marine Act, 1936, subtitle "Insurance," with regard to marine war risk insurance for crew life and injury and second seamen's war risk insurance policies, and the administration of the provisions of Public Law 449, 78th Congress (58 Stat. 758), providing benefits to seamen for permanent disability resulting from war injuries, payable after exhaustion of benefits under the crew life and injury or second seamen's war risk policy.

Until June 30, 1959, funds for payment of claims under the above-cited statutes were made available to the Department of Commerce, Maritime Administration, in annual appropriations for liquidation of claims of the War Shipping Administration.

Under an agreement worked out between the Department of Commerce and the Department of Labor, responsibility for payment of claims hereafter would, upon enactment of this bill, be transferred to the Department of Labor, to be administered by the Bureau of Employees' Compensation with funds from the Federal employees'

2 FUNCTIONS RESPECTING WORLD WAR II INSURANCE BENEFITS

compensation fund, established under the Federal Employees' Compensation Act (39 Stat. 742, as amended).

Section 1 of the bill is intended to make the employees' compensation fund the source of funds, and the Bureau of Employees' Compensation, Department of Labor, the disbursing agency, to continue, from July 1, 1959, payments currently being made to beneficiaries under the provisions of the crew life and injury and the second seamen's war risk insurance policies, and also to make similar payments in the event any dormant cases become active again, thereby requiring further payments under the policies. The power and duty to make decisions as to the eligibility of beneficiaries for payment and other administrative functions with regard to the policies will remain with the Maritime Administration until the principal sum of each policy is exhausted. At that time, the records for each beneficiary will be transferred to the Bureau of Employees' Compensation for the Bureau to determine the eligibility of each beneficiary to receive disability payments as set forth in section 2 of the bill.

Section 2 of the bill is intended to transfer, as of July 1, 1959, to the Bureau of Employees' Compensation, Department of Labor, all powers, duties, and functions now administered by the Maritime Administration, Department of Commerce, with regard to payment of benefits to permanently disabled seamen as established under Public Law 449, 78th Congress, when benefits for such seamen from the crew life and injury and second seamen's war risk insurance policies have terminated under the terms of the policy. All records, reports, information, and certifications regarding active cases of persons receiving benefits under Public Law 449, 78th Congress, would be transferred to the Bureau of Employees' Compensation, Department of Labor. The bill would not authorize an appeal by, or require a review or re-determination for, beneficiaries now receiving disability payments, unless there should be a change in the nature or extent of the beneficiaries' disability.

Section 3 of the bill would grant authority to the Secretary of Labor to make and issue such rules and regulations as necessary in order to administer the payments to disabled seamen prescribed in the bill.

Section 4 would establish July 1, 1959, as the effective date of the bill. As of that date there are no longer any funds for payment of insurance and disability claims by the Maritime Administration, Department of Commerce.

Your committee understands that the Department of Labor will be able to handle the functions so transferred without additional personnel.

The letter of the Acting Secretary of Commerce, dated July 2, 1959, requesting introduction of the bill, together with a statement of purpose and provisions of the bill, follows; also the comments of the Under Secretary of Labor, dated July 15, 1959.

There are no objections to enactment on the part of Government departments or agencies.

THE SECRETARY OF COMMERCE,
Washington, D.C., July 2, 1959.

HON. RICHARD M. NIXON,¹
President of the Senate,
U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: There are submitted herewith four copies of a proposed bill, together with a statement of purpose and provisions of the draft bill, to transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability.

The proposed bill is designed to transfer from the Department of Commerce to the Department of Labor all functions under Public Law 449, 78th Congress, in respect of disability claims and medical care for partially or totally disabled seamen, and to authorize the payment of war risk insurance benefits by the Department of Labor from the employees' compensation fund upon certification of the eligibility of beneficiaries by the Department of Commerce.

The proposed legislation was developed through consultation between the Department of Labor and the Department of Commerce.

The purpose and provisions of the proposed bill are set out in the accompanying statement.

The Bureau of the Budget has advised that there would be no objection to the submission of this proposed legislation to the Congress.

Sincerely yours,

FREDERICK H. MUELLER,
Acting Secretary of Commerce.

A BILL To transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, disability, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Commerce shall certify to the Secretary of Labor amounts payable under crew life and injury and second seamen's war risk insurance policies issued under authority of subtitle "Insurance" of title II of the Merchant Marine Act, 1936, as amended, extended, and supplemented (Act of June 29, 1940, section 222 (54 Stat. 689); Act of March 6, 1942 (56 Stat. 140); Act of April 11, 1942 (56 Stat. 214); Act of March 24, 1943, section 2 (57 Stat. 45); Act of September 30, 1944 (58 Stat. 758); Act of August 8, 1946 (60 Stat. 937)). Payments of such amounts so certified shall be made by the Secretary of Labor from the Employees Compensation Fund established under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751, 785).

SEC. 2. The powers, duties, and functions of the Secretary of Commerce in respect of permanent total or partial disability benefits (allowable upon exhaustion of insurance benefits referred to in section 1 hereof) under section 2 (c) of the Act of March 24, 1943 (Public Law 17, 78th Congress, 57 Stat. 45), as amended by the Act of September 30, 1944 (Public Law 449, 78th Congress, 58 Stat. 758), are hereby transferred to the Secretary of Labor. Payments of such

¹ Identical letter sent to Hon. Sam Rayburn, Speaker of the House of Representatives.

4 FUNCTIONS RESPECTING WORLD WAR II INSURANCE BENEFITS

benefits, including costs and payments on account of medical care authorized by the Secretary of Labor, shall be made by him from the Employees' Compensation Fund as established under the Federal Employees' Compensation Act of September 7, 1916, as amended (5 U.S.C. 751, 785). The Secretary of Commerce shall furnish to the Secretary of Labor such information, data, and reports and certifications in respect of cases within the purview of this section as the Secretary of Labor may request. Nothing in this section shall be construed to authorize any appeal to, or review or redetermination by, the Secretary of Labor from any order, finding, determination, or adjudication in respect of eligibility for benefits made by the Secretary of Commerce in force on the effective date of this Act, except upon a showing to the satisfaction of the Secretary of Labor of a change in the nature and extent of the disability for which benefits were approved for payment in accordance with the provisions of such Acts.

SEC. 3. The Secretary of Labor is authorized to make such rules and regulations as he may deem necessary or appropriate to carry out the provisions of this Act and the functions vested in him by this Act.

SEC. 4. This Act shall become effective as of July 1, 1959.

STATEMENT OF PURPOSE AND PROVISIONS OF DRAFT BILL TO TRANSFER FROM THE DEPARTMENT OF COMMERCE TO THE DEPARTMENT OF LABOR CERTAIN FUNCTIONS IN RESPECT OF INSURANCE BENEFITS AND DISABILITY PAYMENTS TO SEAMEN FOR WORLD WAR II SERVICE-CONNECTED INJURIES, DEATH, OR DISABILITY, AND FOR OTHER PURPOSES

The Department of Commerce through the Maritime Administration is responsible for administering the provisions of (1) section 222 of subtitle "Insurance" of title II of the Merchant Marine Act, 1936, as amended,² relating to marine war risk insurance for crew life and injury and second seamen's war risk insurance policies; and (2) the provisions of Public Law 449, 78th Congress, act of September 30, 1944 (58 Stat 758), which provides benefits to seamen for permanent disability (partial or total) resulting from war injuries, payable after exhaustion of benefits under the crew life and injury or second seamen's war risk policy.

In accordance with consultations between the Department of Labor and the Department of Commerce, it is proposed to transfer from the Department of Commerce to the Department of Labor all functions under Public Law 449, 78th Congress, in respect of disability claims and medical care, and to authorize the payment of war risk insurance benefits by the Department of Labor from the employees' compensation fund upon certification of the eligibility of beneficiaries by the Department of Commerce.

By far the larger volume of administrative activity and payments arise under the postinsurance benefits of Public Law 449, 78th Congress. Payments of these benefits have been made from a special fund which has been made available in annual appropriations for

² Act of June 29, 1940, sec. 222 (54 Stat. 689); act of Mar. 6, 1942 (56 Stat. 140); act of Apr. 11, 1942 (56 Stat. 214); act of Mar. 24, 1943, sec. 2 (57 Stat. 45); act of Sept. 30, 1944 (58 Stat. 758); act of Aug. 8, 1946 (60 Stat. 937).

liquidation of claims of the War Shipping Administration. The 1959 appropriation for the Department of Commerce (Public Law 85-766, 72 Stat. 866) continued the funds available for these payments only until June 30, 1959. After that date, the Maritime Administration will have no funds from which these disability payments can be made.

Currently there are 62 seamen beneficiaries receiving monthly disability payments pursuant to Public Law 449, 78th Congress. These seamen are entitled under the law to receive such benefits for as long as they live and are unable to work at gainful employment due to injuries sustained as a result of enemy action during World War II. The monthly payments vary, depending on several factors such as disability rate, wages at the time of injury, dependency, need for an attendant's services, and in some cases any current monthly earnings. Payments on these cases for the fiscal year July 1, 1957, to June 30, 1958, were \$124,188.92. It is estimated that the payments for the fiscal year ending June 30, 1959, will be approximately \$140,000.

Arrangements have been made by the Maritime Administration with the U.S. Public Health Service to furnish hospital and medical care where possible to these disabled seamen on a reimbursable basis. When necessary, private hospital and medical care is also furnished. Other related expenses such as replacement of artificial limbs, orthopedic shoes, and hearing aids, together with nominal travel allowances, are incurred in connection with these disabled seamen. Payments for hospitalization and medical care for these seamen during the fiscal year July 1, 1957, to July 1, 1958, were \$25,693.45. It is estimated that the payments for the fiscal year ending June 30, 1959, will be approximately \$30,000.

At present only one seaman is receiving monthly benefits under the crew life and injury policy issued by the former War Shipping Administration. These payments amount to \$100 a month when the seaman is hospitalized and \$150 a month when not hospitalized in accordance with the provisions of the policy. Approximately \$4,000 has been paid to the beneficiary at this time. After the final payment on the insurance policy (about November 1959), this disabled seaman will become eligible for continued benefits under the provisions of Public Law 449, 78th Congress.

There are at present several cases pending involving claims of eligibility for disability benefits under the provisions of the second seamen's war risk policy or the crew life and injury policy issued by the War Shipping Administration during World War II. These claims are the result of a recurrence of injuries sustained, or a disease contracted (primarily tuberculosis) by seamen during World War II through enemy action or internment in an enemy prison camp, and such seamen only received partial benefits from the policy. It is estimated that \$20,000 annually will be needed for this contingency to cover monthly disability benefits and hospital and medical expenses.

Additionally there are certain beneficiaries who have not yet actually received the death benefits from crew life and injury policies due to the fact that such beneficiaries reside in foreign blocked countries to which U.S. funds cannot be transferred at this time. A sum of \$12,000 is needed to cover this obligation.

Based on prior costs it is estimated that \$200,000 annually will be required for the next few years to discharge the payments arising from war risk insurance, disability claims, and medical benefits for

6 FUNCTIONS RESPECTING WORLD WAR II INSURANCE BENEFITS

World War II seamen. In this connection it should be noted that the obligation for these payments is now approaching peak costs due to the ages of the disabled seamen, and that thereafter the payments will gradually diminish to the point of complete expiration.

Payments of benefits to disabled seamen under Public Law 449, 78th Congress, are payable in accordance with rate schedules prescribed for employees' compensation benefits by the Federal Employees' Compensation Act.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, July 15, 1959.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
U.S. Senate, Washington, D.C.

DEAR SENATOR MAGNUSON: This is in further reply to your request for our comments on S. 2334, a bill to transfer from the Department of Commerce to the Department of Labor certain functions in respect of insurance benefits and disability payments to seamen for World War II service-connected injuries, death, or disability, and for other purposes.

The purpose of this proposal is to transfer from the Secretary of Commerce to the Secretary of Labor functions relating to the payment of disability benefits for seamen employed by the War Shipping Administration during World War II. The bill authorizes the Secretary of Labor to pay from the Federal employees' compensation fund, established under the Federal Employees' Compensation Act (39 Stat. 742, as amended), disability claims arising under certain war risk insurance policies issued to seamen under existing law. It would also authorize the Secretary of Labor to adjudicate disability claims for seamen who have exhausted their insurance benefits under these war risk insurance policies and who are eligible under existing law for further disability benefits measured by the benefits for Federal employees under the Federal Employees' Compensation Act. Payment of these claims would also be authorized from the employees' compensation fund.

We understand that funds for the payment, by the Secretary of Commerce, of the disability claims to which S. 2334 relates, have been discontinued by Congress as of the beginning of the current fiscal year. S. 2334 is therefore made retroactive to July 1, 1959, to prevent any loss of benefits.

We would not object to the enactment of this proposal.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

JAMES T. O'CONNELL,
Under Secretary of Labor.

There are no changes in existing law.

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